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SIPDIS

STATE FOR EUR/AGS (VIKMANIS-KELLER) EUR/ERA AND INR/EU

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SUBJECT: AUSTRIA'S 2006 EU PRESIDENCY: CHANCELLOR

SCHUESSEL'S GAME PLAN

Classified By: Charge d'Affaires a.i. Carol van Voorst

Reasons: 1.4(b) and (d)

¶1. (C) Summary: Austrian Chancellor Wolfgang Schuessel brings a formidable toolbox of political skills and savvy to his task of directing Austria's EU presidency in the first half of 2006. Ever conscious of the inherent limitations of stepping into the Presidency from one of the EU's smaller member states, Schuessel will try to avoid letting controversial issues like the EU budget and disputes over Turkish EU accession take over his Presidency agenda. Instead, he will look for opportunities to achieve progress in other areas, particularly the Balkans and law enforcement cooperation. Domestic political considerations, including an attachment to a traditional concept of neutrality and a desire for commercial opportunities wherever they may arise, shape Austrian approaches to international issues in ways that sometimes run counter to U.S. interests. While Schuessel is clearly interested in good relations with the U.S., he sometimes has trouble finding the right tone. If faced with an apparent conflict between major EU states and the U.S., Schuessel's instinct will be to follow an EU consensus. We should intensify efforts to define and communicate our goals for the Austrian EU Presidency well in advance of the January 1, 2006 start date. End summary.

¶2. (C) Austria's preparations for its Presidency during the first half of 2006 are well underway. Lacking the global and regional influence of the current UK Presidency, Austria will strive to keep EU member states' expectations low even as it forges ahead on key issues. In political terms, the Austrians will define success as good management of the EU's heavy agenda of meetings, culminating in a U.S.-EU Summit. The Austrians will try to have an impact on certain substantive issues, especially finding a way forward on the EU's seven-year budget framework. However, they are skeptical of their abilities to influence the EU heavyweight nations. They abhor sticking their collective neck out, and they have a tendency to opt for process rather than outcome. These tendencies suggest Austria, as EU president, will favor going along with the crowd rather than making waves.

¶3. (C) Chancellor Wolfgang Schuessel will be the

personification of the Austrian EU Presidency. Now in his fifth year as Head of Government, Schuessel was Foreign Minister during Austria's 1998 presidency, an experience which inspired him to compile a booklet called "Eurospeak: A Light-Hearted and Illustrated Key to EU Jargon." Schuessel will bring confidence, experience, and considerable political acumen to the Austrian Presidency. A good deal of U.S. time and persuasion will be necessary, however, to get Schuessel to invest himself in any U.S.-led initiatives that do not have the full blessing of the EU powers.

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#### Schuessel's EU Priorities

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14. (C) BUDGET: Austria is a modest net payer into EU coffers and prides itself on its good relations with the new EU member states to its east. While this should enable Austria to act as mediator on the budget question, this may not be correct. Austria has a small but effective agricultural lobby (an important constituent of Schuessel's People's Party) which has a stake in continuing Common Agricultural Policy disbursements. Schuessel will make his best effort to facilitate an accommodation between the major players on the budget framework. Austria will provide for a flow of information among Member States, record areas of agreement, facilitate dialogue and keep options open by encouraging efforts at compromise. However, Schuessel will probably not go out on a limb in hopes of brokering a deal. He is unlikely to lead the way in offering concessions or seek to link the finance issues to other questions. If budget discussions reach an impasse and he judges that he does not have the momentum to produce a full resolution, Schuessel may try to fall back on an ad-hoc agreement that will pass the problem on to the next presidency.

15. (C) TURKEY: Another issue that Schuessel will be content to deflect is Turkey. Some observers have made much of Austrian statements that the EU's accession negotiations with Turkey should be "open-ended." At the same time, Schuessel and his Foreign Minister have said unequivocally that accession negotiations will begin on October 3, 2005. To Schuessel, there is nothing mutually exclusive about these statements. Turkey, he reasons, has the chance to qualify for accession in exactly the same way that Austria did. He would argue that to say that it may not be able to do so is to state the obvious. Meanwhile, by an overwhelming margin, Schuessel's constituents are vociferously opposed to Turkish accession. In his view, it would be counterproductive (as well as politically risky) not to acknowledge their concerns. In fact, since the talks are scheduled to begin under the UK

Presidency, and observers expect them to go on for at least a decade, Schuessel may well succeed in finessing the issue.

Unless something occurs to derail the October 3 start of negotiations, Schuessel will be disinclined to risk any domestic political capital on the EU-Turkey question.

16. (C) BALKANS: Austria has long defined the Balkans as its area of top strategic concern. Austria has committed almost a thousand troops to peacekeeping missions in the Balkans.

It has also invested diplomatic energy in cultivating contacts across the spectrum in key areas such as Kosovo.

Schuessel would dearly love to have a positive impact during the Austrian presidency. However, he remains cautious: while he has floated the idea of hosting a follow-up to the Thessaloniki conference during his presidency, he will avoid excessive activity absent a reasonable chance of progress.

He will proceed if conditions seem right. He will look for assurances of willingness on the part of the parties and interested observers (i.e., the U.S. and Austria's EU partners) to make and facilitate viable compromises. Austria is also intent on fostering progress on fulfilling Croatia's EU ambitions. Foreign Minister Ursula Plassnik -- a close confidante and protege of Schuessel's -- has been outspoken in calling for an early start to accession talks. More than many countries, Austria is willing to accept at face value Croatian protestations of good will on surrendering Gotovina. Using the argument that EU membership will extend stability to an unstable region, Austria will seek to build a consensus for putting Croatia on the road to accession.

17. (C) CRIME AND CORRUPTION: Schuessel and his government have worked for years to develop regional law enforcement cooperation. In 2000, the Austrian Interior Ministry initiated the Salzburg Forum, an informal gathering of Central and Eastern European Interior Ministers to coordinate border security, anti-corruption, and counter-terrorism policies. This component of Austria's presidency strategy will culminate in a meeting of Interior and Foreign Ministers on May 4-5 in Vienna. Austria hopes that EU and partner countries will adopt a "Vienna Declaration," including measures to enhance border security and combat terrorism and organized crime. The Austrians very much want the U.S. Attorney General to attend.

18. (C) U.S.-EU SUMMIT: Schuessel has already put his top advisors to work to confirm U.S. participation in the U.S.-EU summit, which, according to pattern, should take place in Austria. Our unwillingness to commit now to summit dates confuses the Austrians. As a practical matter, they consider it obvious that the staff of the world's most important and busiest leader, who travels with a huge logistical footprint,

would want to make travel plans well in advance. Far from thinking that they are badgering us, the Austrians think they are being practical. Having already scheduled the EU's summit with the Latin American and Caribbean countries in May -- an event involving 60 delegations -- the Austrians consider it reasonable to ask us to choose now whatever dates we want.

19. (C) Ministerial Contacts: As a prelude to the Austrian Presidency, Schuessel and several key ministers --Foreign, Interior, Justice, Defense and Economic -- have expressed intent to travel to Washington in Autumn 2005. The Austrians see this as a natural step before they assume the presidency. They expect the U.S. will want to make its views known to the EU, and see it as the Presidency's role to perform this function.

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Broader Foreign Policy: Neutrality and Business

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10. (C) After flirting with moving Austria toward NATO membership during his first two years as Chancellor, Schuessel recognized that the Austrian public was unready for such a shift. He now stands by Austrian neutrality -- an amorphous concept that means, essentially, that Austria will not participate in or support military action without a UN or EU mandate. Austria did not permit military overflights in support of the Kosovo air campaign or Operation Iraqi Freedom. The concept of neutrality has also meant that Austria deals with all countries on the basis of Austrian interests. Austria defined itself during the Cold War as a bridge between competing blocs. Now, Austria pays homage to the ideal of good relations with all countries. Austria will always tend to seek increased dialogue, even if the prospects for any practical outcome of that dialogue are poor. Commercial interests can and do drive Austrian policy. In countries of concern, where Austrian firms may be among only a few Western companies, the Austrian policy of "constructive dialogue" can reinforce a tendency to downplay political and security concerns when faced with attractive business opportunities.

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Domestic Interests: All Politics is Local

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11. (C) Schuessel is most comfortable with classical power politics: the art of maneuvering to achieve a set of goals. In contrast to his accommodating posture toward international partners, Schuessel is not at all shy about head-on confrontations with domestic opponents. His top priority is his economic and social reform agenda. To the extent that

foreign policy threatens his domestic standing (e.g., with popular expressions of displeasure at the prospect Turkish EU membership), Schuessel will act to shore up domestic support. This does not mean that he lacks political courage -- as in his government's recent decision to deploy up to 100 troops for Afghan election security. While this has not yet proven controversial, it also did not score him any domestic points. In general, Schuessel will want to see some concrete foreign policy benefits to make up for domestic downside risk.

¶12. (C) CONCLUSION: Schuessel wants a successful EU Presidency. He is politically savvy enough to want to avoid obvious quagmires, but also to seize opportunities when they arise. He and his government will try to define a set of realistic, achievable objectives. They will not seek to drive EU policy; neither will they want a role as advocates within the EU for U.S. interests. If we want Schuessel to understand and support our broad policy goals, we should intensify our efforts to communicate them at a high level well in advance of January 1. His requested visit to the U.S. in November or December will provide the perfect opportunity to do so.

van Voorst